GOVERNMENT OF INDIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY
LOK SABHA

UNSTARRED QUESTION NO:3151
ANSWERED ON:13.08.2003
GOVERNMENT INVESTMENT IN VSNL
DR. KIRIT SOMAIYA

Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) the details of the Government`s holding in VSNL;

(b) whether Tata`s decision to transfer/invest Rs.1200 crores of VSNL in Tata Group Company at higher valuation would not be considered as Government investment;

(c) if so, the details of the department`s reaction thereto;

(d) whether market valuation of Government stake in VSNL has, suffered; and

(e) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI A PRADHAN)

(a) Sir, Government hold 26.12% stake (7,44,46,885 shares) of the paid up capital of Rs. 285 crores (28,50,00,000 shares of face value Rs. 10 each) of the company.

(b) & (c) Sir, the valuation of share of Tata Tele services, a Tata group company was taken at par with its face value. Further, only Rs. 835.80 crores were agreed to be invested over a period of 7 years. For the first 4 years an amount of Rs.636.80 crores will be invested and remaining amount as per the time table and mode to be decided mutually between VSNL and Tata Tele services.

(d) & (e) Sir, share price of VSNL has been varying in line with market forces and has followed general trend of all shares and particularly in Telecom and IT Sectors.